

Message Text

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10

ACTION EB-07

INFO OCT-01 EA-07 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

NEA-10 ARA-06 /105 W

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 8578

INFO AMEMBASSY KUALA LUMPUR

LIMITED OFFICIAL USE MANILA 14601

E.O. 11652: N/A

TAGS: ENRG, RP

SUBJECT: MALAYSIAN CRUDE OIL ARRIVES UNDER SWAP ARRANGEMENT

REF: MANILA 11155

1. FIRST SHIPMENT OF SARAWAK (MIRI) CRUDE ARRIVED AT BATAAN REFINING CORPORATION (BRC) LAST WEEK AS PART OF SWAP ARRANGEMENT NEGOTIATED BETWEEN CHAIRMAN G.Z. VELASCO AND SHELL MALAYSIA LAST AUGUST. UNDER SWAP, PNOC'S KUWAIT CRUDE IS EXCHANGED FOR EQUIVALENT AMOUNT OF MIRI CRUDE. PNOC SOURCES INDICATE THE EXPANSION OF THIS INITIAL TRANSACTION INTO A LONGER TERM ARRANGEMENT DIRECTLY WITH PETRONAS WAS UNDER CONSIDERATION. THIS IS EXPECTED TO BE GOVERNMENT-TO-GOVERNMENT CONTRACT AS PART OF GOP DIVERSIFICATION PROGRAM.

2. ALAN DEWHURST, V.P. MANUFACTURING, PHILIPINAS SHELL PETROLEUM CORP., IN CONFIRMING ABOVE, ADDED THAT SHELL REFINERY IN BATANGAS HAD BEEN USING BRUNEI (SERIA) CRUDE SINCE 1963 AND FOR LAST THREE - FOUR YEARS HAD

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SWITCHED TO SARAWAK (MIRI) CRUDE.

3. ROBERT WALES, PRESIDENT, MOBIL OIL PHILIPPINES, INC.,
WHICH HOLDS 40PCENT INTEREST IN BRC, EXPECTS TO SEE 20,000
B/D OF MIRI CRUDE ENTER PHILIPPINES STARTING IN 1976.
HE SAID GOP LOOKING TO MALAYSIA AS ALTERNATIVE SOURCE
TO ESSO CONTRACT FOR MIDDLE EAST CRUDE. ESSO NOW
EXPECTED TO FURNISH ONLY 8,000 B/D IN 1976 AS
COMPARED TO 37,000 B/D ORIGINALLY PLANNED. WALES
STATES MIRI A GOOD CRUDE FOR THIS MARKET BECAUSE IT
HAS LOW FUEL OIL YIELD TO BALANCE SHENGLI (PRC) CRUDE
NOW ARRIVING WHICH IS ALL FUEL OIL.
SULLIVAN

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